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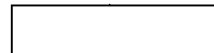
National Intelligence Daily

Friday
5 February 1982

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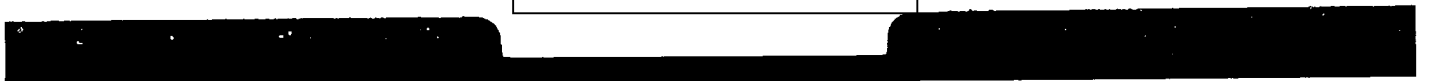
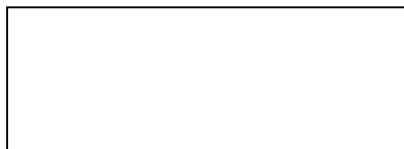
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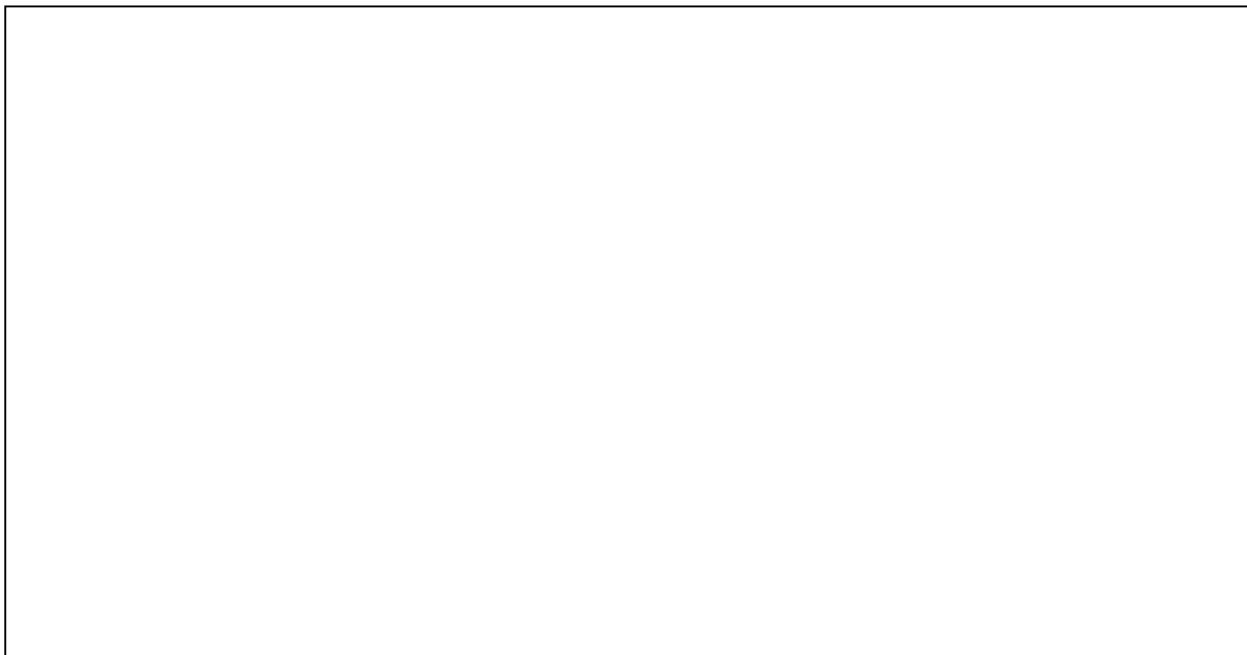


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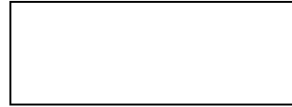
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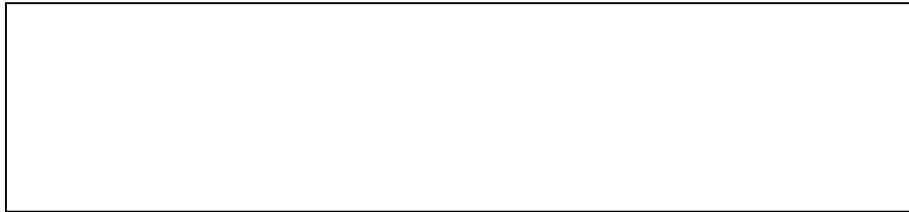


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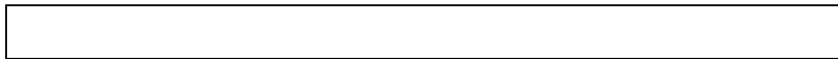


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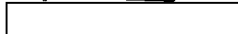
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POLAND: Continuing Unrest

The first confirmed strike protesting price increases has taken place, and student activity against the regime has mounted. Western banks, meanwhile, are stepping up pressure on Poland.

Workers at a factory in Krakow on Tuesday conducted a one-and-a-half-hour work stoppage to protest price increases instituted the previous day.

Comment: Although it is unclear how the strike was ended, such short job actions could be part of a plan by Solidarity to rebuild worker self-confidence and reestablish the union's strength. Short strikes could temporarily frustrate efforts by the regime to maintain control.

Student Unrest Increasing

Young people in secondary schools also appear to be caught up in the ferment. High school students in several provinces have been distributing leaflets and attempting to organize demonstrations; earlier this week half the students at two Warsaw high schools attended class one day dressed in black.

Despite evidence of increasing opposition from young people, the government announced yesterday that most universities will reopen next Monday.

Comment: The authorities apparently believe they can better control students on the campuses rather than at home. The regime is gambling that tightened regulations and the threat of expulsion and possible induction into the military will keep students in line.

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The government still seems to be moving with caution, however, because several technical schools known for militant activity apparently will not yet reopen. Unrest among secondary students is particularly difficult for the regime to deal with because martial law regulations do not permit internment of anyone under 17. []

Pressure From Creditors

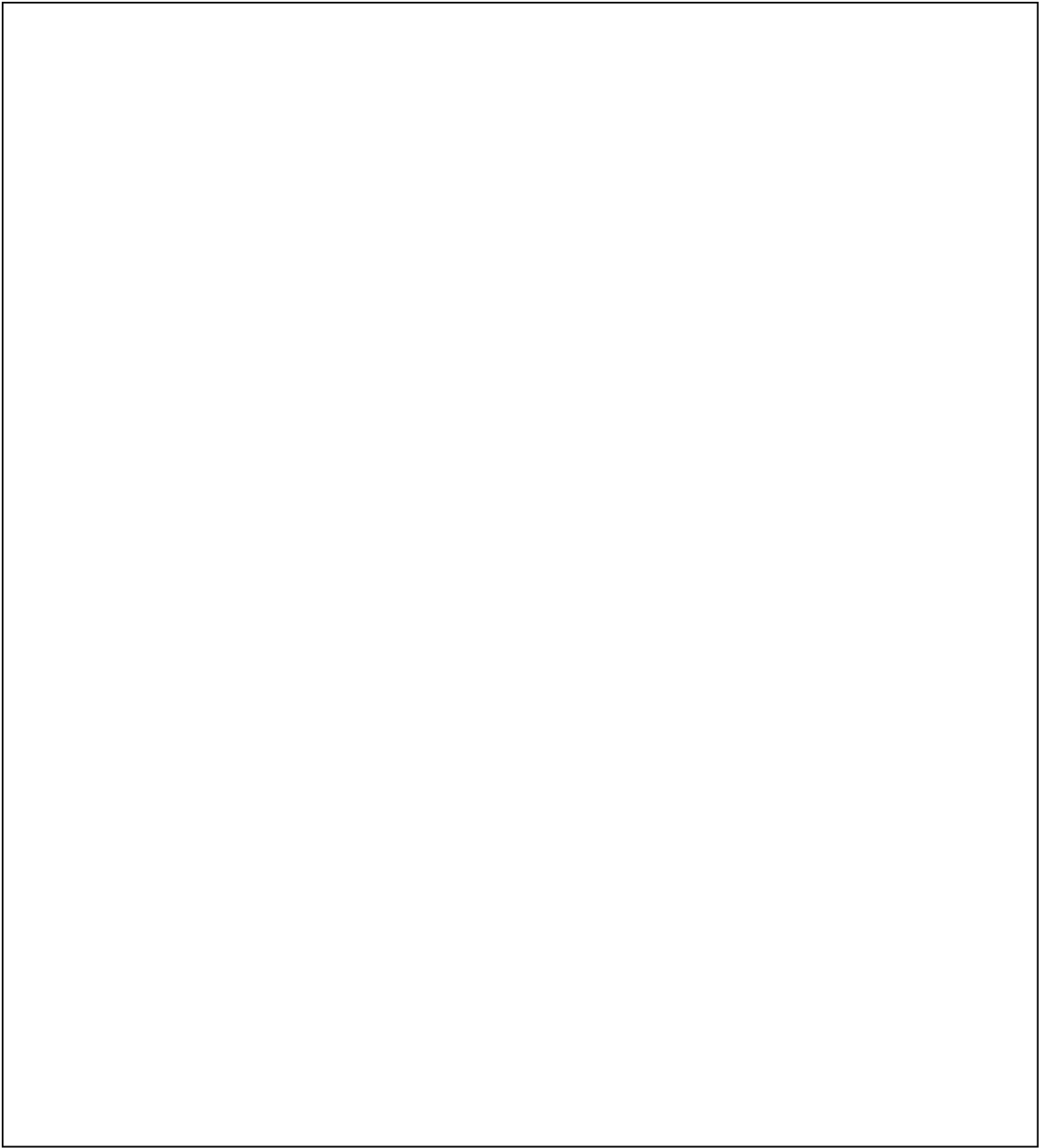
Western bankers are demanding more money from Warsaw before they will conclude the much-delayed private debt rescheduling agreement for 1981. They want Poland to cover \$200 million of overdue interest payments for 1981 by 15 February. In addition, they also insist that Poland pay \$400 million in interest due in the first two months of 1982 before the agreement for 1981 takes effect on 10 April. []

Comment: Although the banks may not declare default if Poland does not make the payments, the threat of default forces the Poles to attach high priority to interest payments to private banks in allocating their meager hard currency funds. []

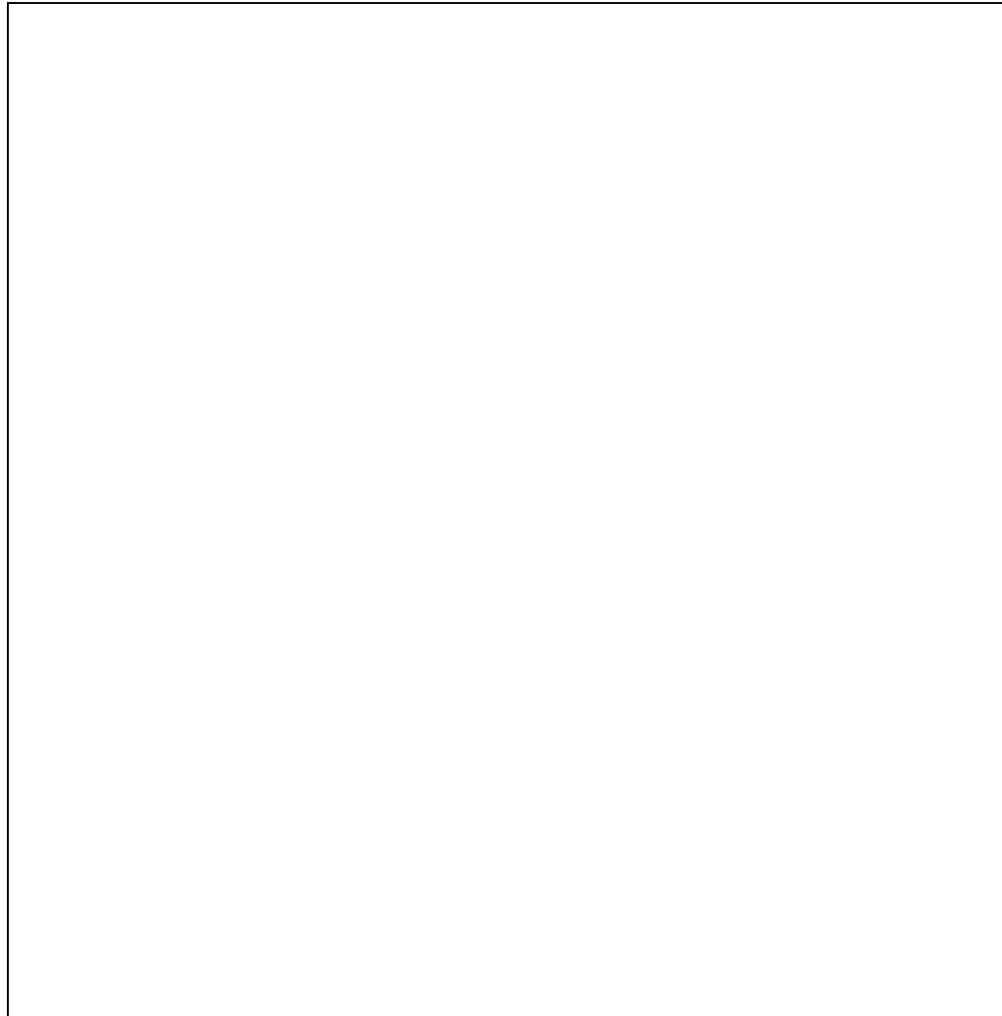
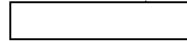
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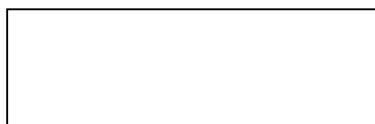
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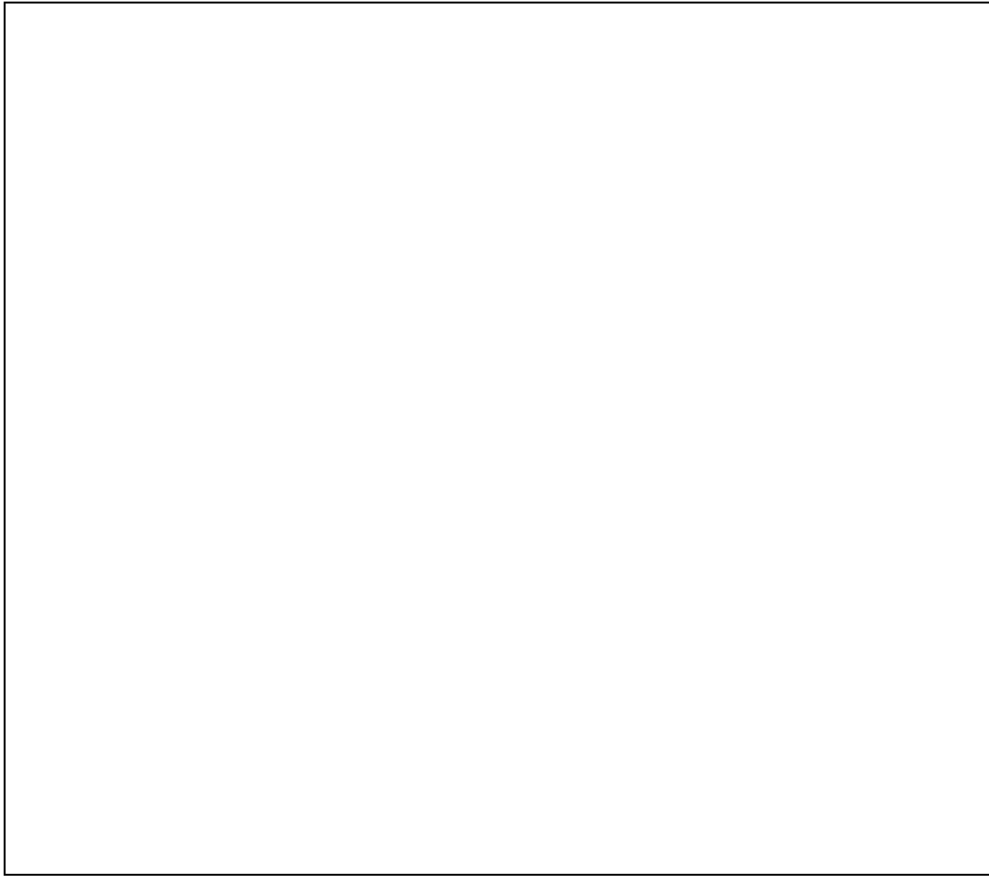
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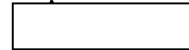
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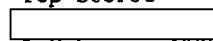




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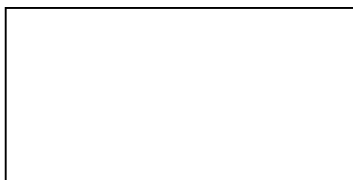


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WEST GERMANY: Confidence Vote

[REDACTED]

Faced with the highest unemployment since the early 1950s--1.9 million out of work in January--the Social Democrats and Free Democrats have devised a \$5.3 billion, four-year plan. Schmidt called for the vote to disprove opposition charges that his government is too divided to act on the country's problems. [REDACTED]

The vote culminates six months of debilitating debate on economic policy that has threatened to bring down the coalition. The Social Democrats and Free Democrats have many differences on economic issues, and the weak economy left them little room for maneuver. [REDACTED]

[REDACTED]

The reluctant acquiescence of the Free Democrats in the employment proposals desired by labor and many Social Democrats suggests that the 12-year-old coalition is in no immediate danger. [REDACTED]

[REDACTED]

Schmidt probably is aware that the coalition's ability to take strong actions remains limited [REDACTED]

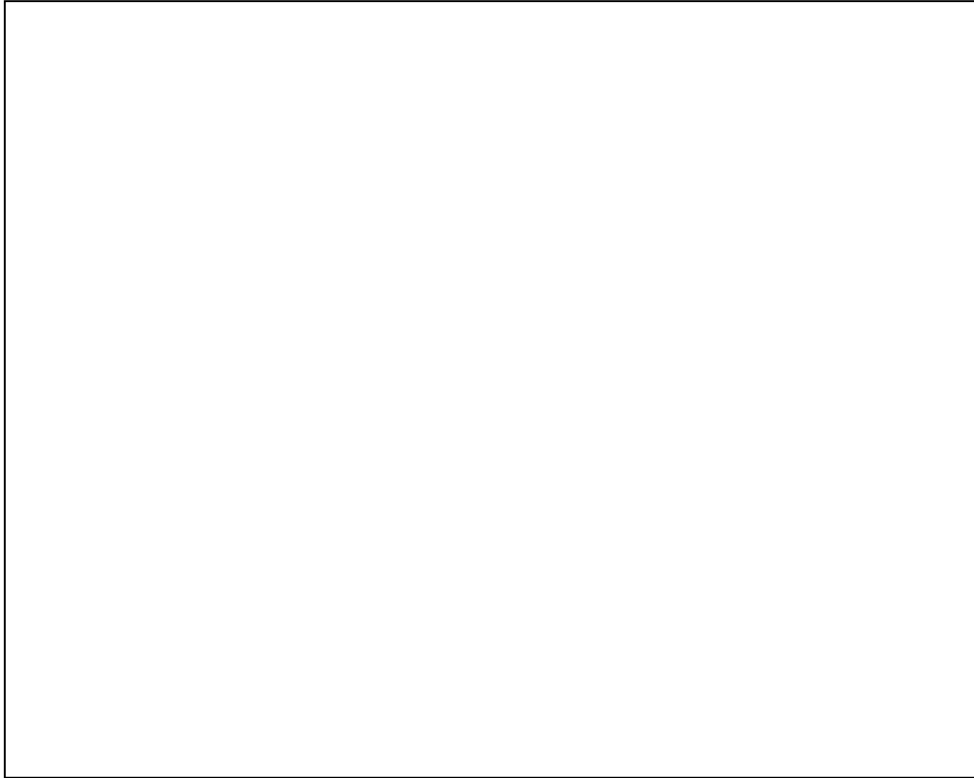
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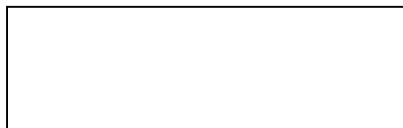
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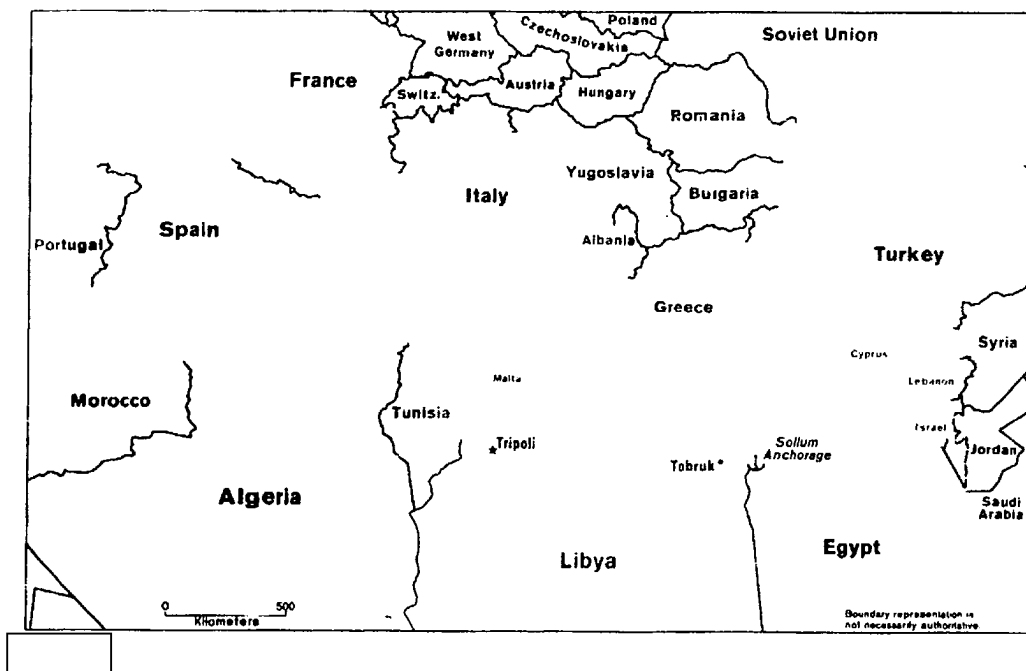
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USSR-LIBYA: Soviet Port Call

The Soviet helicopter carrier Leningrad [redacted]

[redacted]
making a port call at Tobruk, Libya. The Leningrad has been in the Mediterranean since November but has spent most of [redacted] storage off the Egyptian coast. [redacted]

Comment: The visit reflects the closer bilateral military cooperation that has developed between the two countries in the past year. [redacted]

USSR-POLAND: Soviet Banking Tactics

Moscow in late December reportedly instructed Soviet-owned banks chartered abroad to create contingency reserve accounts to guard against a possible Polish default. The Poles owed these banks more than \$300 million by midyear, but the Foreign Trade Bank of the USSR apparently assumed more than \$200 million of this debt during the fall. [redacted]

Comment: While the reported instruction may simply reflect concern over Western regulatory requirements, it also suggests Soviet pessimism about Poland's ability to resolve its financial problems. The Foreign Trade Bank's apparent assumption of most of the Polish debt owed to these Soviet-owned banks puts them in a stronger position to weather a possible Polish default. [redacted]

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NETHERLANDS-TURKEY: Aid Cutoff

The center-left coalition of Prime Minister van Agt increased its opposition to the Turkish military regime yesterday by postponing all economic and military aid to Turkey pending "political developments" in that country. Over the past three years, the Dutch have provided Ankara with about \$60 million in low-interest loans and transferred 30 F-104 Starfighters to the Turkish armed forces. The Dutch Government has been increasingly concerned about giving aid to governments it considers undemocratic. Although van Agt is mainly responding to pressure from his Socialist allies and Dutch human rights groups, his Christian Democratic Party also is beginning to question the country's aid program. [REDACTED]

Comment: The Hague also may support a Danish sponsored action against Turkey in the Council of Europe's Human Rights Commission. [REDACTED]

NIGERIA-GHANA: Oil Deliveries Halted

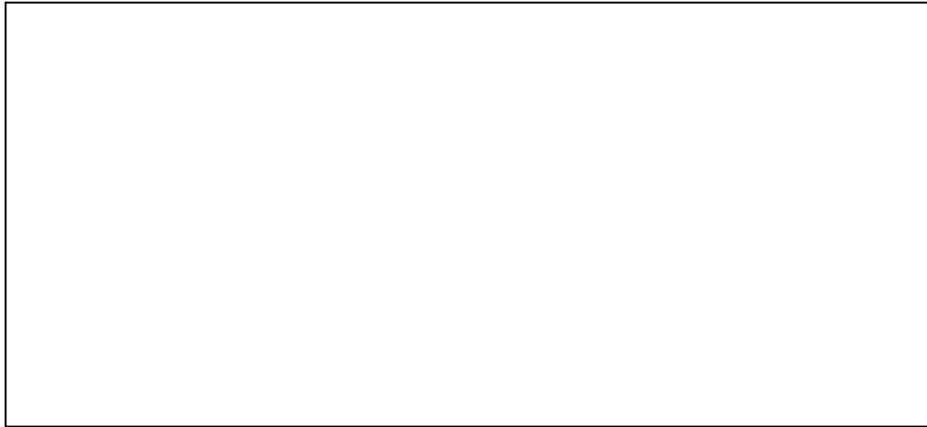
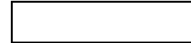
Nigeria reportedly has ended oil deliveries to Ghana until Accra pays its outstanding oil bills. A high-level Ghanaian delegation plans to visit Lagos this weekend to discuss the matter. [REDACTED]

Comment: If Lagos sticks by its decision, radical elements in Accra will be likely to encourage Head of State Rawlings to turn to the Libyans for alternative supplies. They probably also will increase their propaganda campaign aimed at making moderate African countries and the US scapegoats for the regime's problems. [REDACTED]

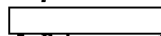
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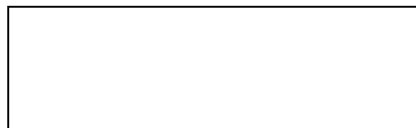
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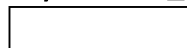
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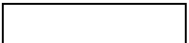
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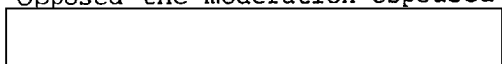
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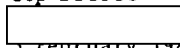
SURINAME: Government Shakeup

President Chin A Sen and his civilian cabinet yesterday were forced to step down by the military, which has been the principal power broker since it seized control in a coup two years ago. The civilian-military regime split over the President's recent demands for a return to constitutional rule and elections. Army commander Colonel Bouterse has announced that a new civilian government would be formed soon. 

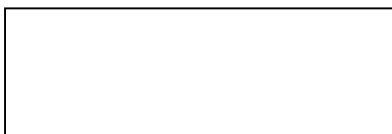
Comment: Bouterse's action is aimed at installing a government more to his liking, possibly a junta dominated by the military. The move also may presage a shift to the left by radicals in the Army who have opposed the moderation espoused by the civilian faction.



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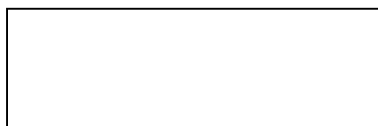


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Luis Alberto Monge



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SPECIAL ANALYSIS

COSTA RICA: Election Outlook

[redacted]

Luis Alberto Monge almost certainly will be elected president on Sunday and will continue Costa Rica's tradition of close ties to the US. Monge will have to grapple with a virtually bankrupt economy, however, and readjustment will require strict austerity measures that will test public resolve and that of his own National Liberation Party. Threats against Costa Rica's democratic institutions from domestic and regional radicals pose additional challenges. [redacted]

The voting will take place against a backdrop of economic crisis caused by the Carazo administration's fiscal mismanagement and by depressed world coffee prices and high oil prices. The economy probably will not improve before the end of the year. Recent Communist-led violent strikes by banana workers could be a harbinger. [redacted]

In addition, the electorate has been alarmed by the Nicaraguan arms buildup and press reports of the activities of domestic and regional radicals in the Costa Rican hinterland. These events have stirred anti-Communist sentiment, but they also have heightened the nation's sense of vulnerability. [redacted]

The Candidates

The economic and political challenges have preoccupied the three major candidates, all of whom are pro-US and anti-Communist. Ex-President Echandi is the most conservative, but his limited political base gives him little chance of attracting significant support. [redacted]

Former Foreign Minister Calderon is conservative on most foreign policy issues and a champion of austerity measures that parallel politically unpopular IMF guidelines. Although Calderon views this campaign

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as a trial run for a more serious challenge in 1986 or 1990, he should emerge as the undisputed leader of the opposition. [redacted]

Monge's Policies

As the odds-on favorite for months, [redacted] Monge has gotten a jump on governing by forming an impressive shadow cabinet and a competent team of economic advisers. [redacted]

Monge's economic policy aims at increasing agricultural production, primarily for export, and providing greater access to credit and foreign exchange. A new loan agreement with the IMF is crucial to strengthening domestic and foreign business confidence. This, however, will require austerity measures sure to be unpopular with the left wing of the National Liberation Party. [redacted]

Foreign policy under Monge will be more consistently in line with US interests in the region and less given to the surprises that have characterized the Carazo administration. One key tenet probably will be a general downgrading of relations with Communist countries. [redacted]

Monge has taken an increasingly tougher line toward Communist subversion in Central America and attempted to counter the Communist propaganda effort in regional forums. He also has avoided following President Carazo's lead by refusing to rule out US military assistance and has indicated that he will rely on an OAS peace force to protect Costa Rica's boundaries in any Central American war. [redacted]

Increased cooperation with the US and other Western countries and a drawing back from the Carazo government's cultivation of Third World countries also are likely.

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[redacted]

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San Jose probably will be more receptive to foreign-- especially US--capital investment and will place greater emphasis on economic, trade, and assistance issues within the Central American - Caribbean region.

Outlook

Monge's penchant for compromise politics and his party's tradition of public sector spending will complicate his attempts to turn the economy around. His ability to lead probably will be challenged by serious intraparty squabbling over fiscal policy before the inauguration on 8 May. This is likely to be played out against mounting economic pressures that could give rise to demonstrations, strikes, and violence.

Costa Rica's small Communist party has so far generally avoided attempts to capitalize on the economic problems, because it reportedly hopes to make major electoral gains in the Legislative Assembly. These expectations, however, probably will be dashed by an aroused and fearful electorate. This will strengthen the hand of hardline elements who appear increasingly restive and ready to abandon more pragmatic courses.

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